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7 Attorneys for Michael G. Kasolas, Trustee

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION
11

12 In re

13 FOX ORTEGA ENTERPRISES, INC.,
14 dba PREMIER CRU,

15 Debtor.
16

Case No. 16-40050-WJL

Chapter 7

**DECLARATION OF RICHARD PIEROTTI
IN RESPONSE TO COURT'S
MEMORANDUM REGARDING ESTATE'S
OBLIGATIONS**

Date: May 2, 2016

Time: 1:00 p.m.

Place: Courtroom 220
1300 Clay Street
Oakland, CA

Judge: The Hon. William J. Lafferty, III

21 I, Richard Pierotti, declare:

22 1. I am a Certified Public Accountant, experienced in rendering accounting services to
23 bankruptcy trustees. I am a principal of the accounting firm of Kokjer, Pierotti, Maiocco & Duck
24 LLP ("KPMD"), with offices at 333 Pine Street, 5th Floor, San Francisco, California. I have
25 personal knowledge of the facts set forth herein and if called as a witness, I could and would
26 competently testify thereto, except as to those matters that are alleged upon information and belief
27 and as to those matters, I believe them to be true.
28

2. As set forth in my earlier declaration filed in support of the Trustee's Motion for Order Authorizing Sale of Wine Pursuant to Bankruptcy Code Section 363 and to Determine Title to Segregated Wine, I have reviewed certain of the books and records of the Debtor through the bankruptcy petition filing date of January 8th, 2016. For the most part, I have determined that the Debtor's books and records were not maintained in a reliable fashion.

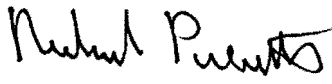
3. I also reviewed the Debtor's tax returns for year 2014, and as set forth in my earlier declaration, I determined that the Debtor did not file tax returns after the 2014 tax year.

4. The Debtor's 2014 tax returns reflect trade vendor liabilities to non-wine customers of approximately \$5.1 million as of December 31, 2014. Based upon my review of the Debtor's accounting records I have not seen any evidence that the trade vendor liabilities would have decreased between December 31, 2014 and the bankruptcy petition filing date.

5. Brian Nishi, the Trustee's IT consultant generated an accounts payable spreadsheet from the Debtor's accounting software reflecting accounts payable balances by customer as January 8, 2016.

6. I reviewed the January 8th, 2016 accounts payable schedule and isolated trade vendors who were not wine customers by removing the names of natural individuals. By doing so I was able to isolate 136 trade vendors to whom the Debtor owed approximately \$12.5 million as of January 8th, 2016. The Debtor's accounting software and 2014 tax returns indicate that the Debtor has non-wine customer trade payables of at least \$5.1 million and potentially up to \$12.5 million as of the bankruptcy petition filing date.

I declare under penalty of perjury that the foregoing is true and correct, and that this declaration was executed on April 29th, 2016, at San Francisco, California.


/s/ Richard Pierotti
Richard Pierotti